

### Policy

It is the policy of the City of Highland Park to pay its employees a fair and equitable amount for their services without regard to race, sex, age, national origin, color, religion, sexual orientation, gender identity, mental or physical disability, or any other legally protected status. The City will maintain fair and competitive salaries consistent with the economic requirements of the City and commensurate with the City's competitive strategy in the labor market in order to attract, retain and reward qualified employees.

### Objectives

The City's salary administration program has the following objectives:

- To obtain the highest degree of employee performance and morale through fair and equitable salary administration.
- To ensure that salaries paid are internally equitable and consistent within and between position categories.
- To ensure that salaries paid are fair and competitive within the relevant labor market.
- To provide recognition and reward for differences in individual performance.
- To provide an effective means of budgeting and ensuring that salary and related expenses can be sustained within the economic requirements of the City.

### Guidelines

- The City's management monitors external pay practices to ensure the organization's compensation practices are competitive with the marketplace.
- Salary ranges are reviewed annually by management and adjustments, if needed, are recommended to the City Council as a part of the budget process.
- Each position is assigned a salary range based on the City's competitive position in the marketplace.
- Internal salary decisions are based on appraisals of employee performance, and are monitored to ensure fairness to all employees.
- Salary increases are based on an annual wage increase as well as a merit system to reward employees for performance.
- As a component of the budget process, the City Manager will recommend a total salary budget to the City Council for approval.
- Annual wage increases, if authorized, will be effective January 1 of each year.
- Annual merit increases, if authorized, will be effective June 1 of each year.
- Promotions and other pay adjustments may be given at any time during the year with approval of the City Manager.
- New employees are eligible for the following increases:
  - An annual wage increase, if authorized, on the next January 1 following their hire date and then every January 1 thereafter.
  - A pro-rated merit increase on the next June 1 following their hire date and then every June 1 thereafter.

- Employees promoted to a new position may receive a promotional increase as recommended by the Department Director and approved by the City Manager.
  - The promotional increase will include an increase appropriate for the new position which shall be inclusive of a prorated merit increase based on the number of months since the last salary increase.
- Merit increases will be added to base pay for employees whose salaries are within the stated range for their position.
- Annual wage increases or merit increases in excess of the range maximum will be given to the employee in a lump-sum payment at the time of the adjustment.
  - The lump-sum payment will be equal to the amount in excess of the range maximum.
  - If the employee's salary is within 3% of the range maximum, the entire adjustment may be a lump-sum payment, at the City's option.

#### *Hiring and/or Starting Salary Policies*

Salaries for new employees will generally be based on experience. New hires who have only the minimum qualifications for their positions are paid at or near the minimum of their position's salary range, while those with substantial experience (or otherwise superior qualifications) may be hired at higher levels in the salary ranges but typically below mid-points. The objective is to avoid paying new hires at rates that are too close to those paid to more experienced employees in the same position. Occasionally, supply-and-demand conditions are such that new hires with relatively little experience must be paid above the range minimums but below the midpoints.

#### *Base salary changes result from one of the following actions:*

- Merit Increase
- Promotion Increase
- Range Adjustment Increase
- Special Adjustment Increase
- Demotion Decrease

#### Merit Increase

- All employees will be eligible for an annual merit pay review and possible increase.
- A merit increase is defined as an in-grade increase in salary granted as recognition for sustained excellent performance on the job.
- The amount of the merit increase may vary from employee to employee based on differing levels of performance attained and fairness to all employees.
- Each year, the City Manager will authorize merit increase guidelines which are based on the City Council approved annual salary budget.
- Department Directors will use the merit increase guidelines, performance appraisal results, and the merit pool to recommend merit increases for Department employees.
- Human Resources will review and approve all base salary changes.

**Promotion Increase**

- A promotion is defined as an advancement of an employee to a higher grade position from a lower grade position.
- Temporary assignments are not eligible for a promotion increase.

**Range Adjustment Increase**

- A range adjustment increase is defined as a salary increase which is necessary to bring an employee's salary up to the minimum of the salary range for the employee's position.

**Special Adjustment Increase**

- A special adjustment increase is recommended for reasons unrelated to merit or promotion, such as a one time or short term increase for a temporary assignment or to address unusual circumstances.

**Demotion Decrease**

- Demotions will be individually evaluated by the City Manager for appropriate salary treatment.

**Salary Adjustment Process**

The approval process for salary changes unrelated to an annual increase or regular annual merit increase is as follows:

- Proposed changes in employees' salaries are to be initiated in writing.
  - Information must include the reasons for the proposed salary changes, the employee's current salary, the salary change amount, the employee's salary range, and, if appropriate, the employee's new salary range.
  - In addition, all requests for salary adjustments must be accompanied by the most recent performance review.
- The relevant documents must be submitted to Human Resources for consideration.
  - Human Resources will forward the documents to the City Manager with a recommendation for the City Manager's review and direction.
  - If approved, the documents will be submitted to the initiating Department for processing.
- Proposed salary changes must not be discussed with the employee in question until after final approval has been received.

**Out of Range Conditions**

Out of salary range conditions involve a salary below the salary range minimum (green circle situation) or a salary above the salary range maximum (red circle situation) as explained below.

*Green Circle*

- Salaries below the salary range minimum can be used as temporary (six month or less) trainee rates for new hires who have less experience than the position requirements.
- A new hire's salary should at least meet the minimum salary of the position's salary range following six months of employment.
- Green-circle situations are to be individually evaluated by Human Resources for appropriate salary treatment.

*Red Circle*

- Red circled employees are not eligible for annual salary increases to their base, and the equivalent amount will be paid out as a lump-sum payment.
- Red circled employees will receive lump-sum merit increases until successive salary structure adjustments bring the employee's salary in line with the range maximum.